

CITY LIGHT GOVERNANCE 101

Overview for the City Light Review
Panel

CITY STRUCTURE

- Eleven Elected Officials – elected At Large
 - ❖ Mayor
 - ❖ Nine Council Members
 - ❖ City Attorney

- City Organized by Departments
 - ❖ All but two report directly to the Mayor
 - Legislative Department reports to Council President
 - Law Department reports to City Attorney

- General Fund Versus Enterprise Departments

WHAT IS THE BUDGET?

- Provides legal authority to the Departments to spend money on Capital or O&M
- Budgets “must” balance: revenues = expenditures
- For General Fund Departments, budget provides *revenue authority* with the budget
- For City Light, budget recognizes revenues; revenue authority is set by the rates process

BUDGET PROCESS I

- Two-year budget cycle
 - ❖ First year is Adopted; Second year is Endorsed
 - ❖ Six-year Capital Improvement Program
- Departments propose budgets to the Mayor around end of May, *which means ...*
- Through September Mayor & Departments review proposals: Mayor decides final package
- Mayor presents budget to Council late September
- Council must Adopt budget for next fiscal year by December 2

BUDGET PROCESS II

- Budget Control Levels (BCLs)
- Budget Issue Papers (BIPs)
- Information provided to Council by Executive
- Council's Review Process:
 - ❖ Mayor's presentation
 - ❖ City Budget Director's overview
 - ❖ Individual Departmental presentations
 - ❖ Council staff *Issues Identification*
 - ❖ Review of issues: Rounds 1 & 2
 - ❖ Green Sheets
 - ❖ Final vote by Council

COUNCIL'S BUDGET "TOOLS"

As noted earlier, the Council's influence over the actions of Departments is limited

- Proviso on funds
- Statements of Legislative Intent
- Budget Guidance Statements

CIP BOOK

➤ Six Year Capital Improvement Plan

- ❖ Developed in conjunction with Budget
- ❖ First year of the CIP reflected in the Budget

➤ Allocates Appropriation authority to projects

- ❖ Departments can only spend capital dollars on projects in the CIP
- ❖ Any changes to project budgets over \$1M requires legislation

➤ CIP Book vs. Capital BCLs

- ❖ CIP describes total project costs
- ❖ Capital BCLs do not include indirect costs (e.g., benefits, interest during construction, overhead, etc)

CITY LIGHT'S BUDGET

BCL Structure

Superintendent			
Office of the Superintendent			
PSEA	CSED	HR	FS
Conservation & Envir. Affairs O&M	Customer Services	Human Resources	Financial Services – CIP
Power Supply O&M	Distribution Services		Financial Services – O&M
Purchased Power	Customer Services & Energy Delivery – CIP		<i>Taxes</i>
Power Supply & Envir. Affairs – CIP			<i>Debt Service</i>
			<i>General Expenses</i>